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FISCAL IMPACT STATEMENT

LS 7622

BILL NUMBER: SB 421

NOTE PREPARED: Jan 23, 2007

BILL AMENDED:

SUBJECT: Work Pays Program.

FIRST AUTHOR: Sen. Simpson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes the Indiana Work Pays Program to help participants move into higher paying jobs that are available in a participant's region. The bill provides that the Program may include: (1) employment exchanges; (2) education and training; (3) work supports; and (4) other services designed to help program participants increase earnings and develop careers. It states that a program participant is eligible for \$204 in cash assistance per month and other financial incentives developed by the Division of Family Resources. It also requires the office of the Secretary of Family and Social Services to determine whether federal money or grant money is available to fund the program.

Effective Date: Upon passage; July 1, 2007.

Explanation of State Expenditures: *Summary* - This bill establishes the Indiana Work Pays Program to help program participants move into higher paying jobs. Actual expenditures for the Program will depend on administrative action taken by the Division of Family Resources (DFR); however, assuming enrollment of 3,000 participants, a minimum of \$7.3 M annually would be provided for monthly cash assistance. Additional expenditures would include staff and administrative costs as well as financial incentives and bonuses as determined by the DFR.

Details of the Bill: This bill establishes the Indiana Work Pays Program to help program participants move into higher paying jobs. The program is to be administered by the DFR to a maximum of 3,000 individuals.

Persons eligible for the program must be a resident of Indiana, have custody of a related minor child, be working in a paid job for a minimum of 24 hours per week and have met certain federal work requirements, be in the United States legally, have an income below 100% of the federal income poverty level, and sign

and comply with a personal responsibility agreement. Eligible persons are entitled to at least one of the following services for a maximum of 24 months: case assistance, support services, medical assistance, or employment assistance.

A family that participates in the program would receive monthly cash assistance equal to \$204 per month. Under the bill, a maximum of 3,000 persons are eligible. The cost to provide monthly cash assistance annually would be \$7.3 M.

In addition to monthly cash assistance, the DFR is required to administer a work incentive initiative within the Program that includes cash bonuses and other incentives to encourage program participants to continue to be employed for at least 24 hours a week and to meet the federal work participation rate. Said cash bonuses and other incentives are unknown and would be determined by the DFR.

The DFR is also required to work with local workforce development offices to develop and administer services to program participants that are designed to help participants move into higher paying jobs available in a participant's region. Services offered under the Program may include employment exchanges, education and training, work supports, and other services. Under the bill, the DFR is allowed to make these services available to low-income workers who are not participating in the program.

Actual expenditures for the Program will depend on administrative action taken by the DFR.

Office of the Secretary: The bill requires the office of the Secretary of Family and Social Services (FSSA) to make every effort to secure federal funding or other outside resources to fund the Program. Furthermore, if FSSA determines that federal money or grant money is available for the Program, the Office is required to apply for or request the funding. FSSA should be able to do so within its existing level of resources.

Background Information: Arkansas Work Pays Program: The Arkansas Work Pays program was established July 1, 2006. The program serves a maximum of 3,000 participants and is designed to encourage working Transitional Employment Assistance (TEA) clients (similar to the Indiana TANF IMPACT program) to remain employed after closure of their TEA case while increasing their hours of work and/or hourly wage. While involved with the program, participants receive monthly financial assistance of \$204 and are eligible for additional financial bonuses and incentives. The Arkansas Work Pays program reports that it estimated total expenditures for the program to be \$15 M to \$16 M annually. The estimate includes cash assistance, other services, staff, and administrative costs, for the program. The Arkansas Work Pays program is funded completely from the Arkansas TANF block grant.

Indiana TANF Block Grant: During FFY 2007, the TANF block is \$225.8 M. Of that, \$45.6 M were not budgeted. The DFR reports that these dollars are carried forward and used for cash assistance during the subsequent year.

Adoption of Rules: The DFR is allowed to adopt rules necessary to implement and administer the Program. The DFR should be able to do so within its existing level of resources.

Explanation of State Revenues:

Explanation of Local Expenditures: Local workforce development offices could potentially experience an increase in administrative duties and costs under the bill. Actual increases will depend on administrative action taken by the DFR.

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected: Local workforce development offices.

Information Sources: Jim Dunn, FSSA; Jessaca Turner Stults, FSSA; Cindy Varner, Arkansas Work Pays program; http://www.arkansas.gov/esd/PDF/WorkPaysBrochure_6-06.pdf.

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